

According to the Brookings Institute, there are 43 million individuals that have taken out student loans within the United States (Looney). With numbers of this size, many people are worried about how debt of this scale will affect society at large. This worry has led to some individuals proposing for these borrowers to have their loans forgiven, or canceled. Some political figures have proposed for full cancellation, while others have called for a fraction of the debt to be eliminated, and there have also been other more nuanced solutions, such as using income driven repayment calculations as a means to cushion the blow for debtors (Looney). On the other hand, opposing political figures have argued that canceling student loan debt would be unfair for borrowers who have paid back their loans, or for people who chose not to attend college at all (Nova). Although every side has valid reasons for supporting their views, the best solution will ultimately rely on a more nuanced approach. This paper will argue that using methods such as income-driven repayment, public student loan forgiveness, and increasing pell grants for lower income students is the most efficient way to tackle the issue of student debt.

In order to begin discussing student debt and loan forgiveness, it is important to take a closer look at why it is such an issue to begin with. A large part of the issue is due to the dramatic rise in tuition that has been seen at the college and university level. The exceedingly high cost of some colleges leaves students with staggering debt, sometimes in the six figures. This extreme debt leaves people unable to invest in the economy and improve their lives, which is one of the reasons for obtaining a college degree. Apparently, this has led to a generation of people that are statistically less likely to own a home, have children, and live fulfilling lives. Despite this, many people who take out student loans are able to pay them back, because people with college degrees earn more in their lifetime, which helps cover the cost of student loans (Lange). However, there are definitely groups of lower income borrowers who struggle to pay

back their debt, and this is the group that needs relief for their student loans. For the sake of clarity, this paper will argue for those lower income and lower earning students to be the ones that should receive loan forgiveness. Ultimately, the government should be more scrupulous when issuing loans because many universities and colleges are charging exorbitant tuition for degrees that have a slim chance on a quality return of investment (Camp). Now that some of the reasoning for why student loan forgiveness is an issue has been outlined, it will be appropriate to analyze some of the solutions to this issue.

Perhaps the most straightforward solution to solving the student loan problem would be to forgive the debt for all borrowers entirely. Obviously, this solution is very appealing to people who have some amount of student loans, and it would definitely solve the issue of student debt from a purely numbers standpoint, but it would not come without costs. One of the costs is the fact that canceling student debt would literally cost \$1.6 trillion, which is a staggering amount of money (Looney). Relieving that much debt and freeing up that much expendable income into the economy would likely increase inflation to some degree (Lange). Another problem with wiping out all student debt is the fact that many people who have incurred this debt have reasonable means to pay it off, which makes it a hard action to justify. Paying \$1.6 trillion to erase loans for people who can largely afford them is borderline absurd, so it is understandable why many people are against this idea. Additionally, canceling student debt would also help people and families that are more wealthy than the average American, this fact is quantified in the fact that 60% of student loan debtors earn more than \$74,000 annually (Friedman). Moreover, canceling student debt would be unfair for students who curtailed going to a certain school due to financial limitations, which would in effect eliminate the incentive for students to be fiscally responsible, if everything will be erased anyway it makes no sense to limit borrowing. Furthermore,

eliminating student debt entirely would give schools and borrowers the impression that they can set and receive any amount of loan and it will be repaid. Without addressing the exorbitant costs of schools, erasing debt will actually lead to more issues in the long run because it does nothing to address the inherent problems that have led to the current state of affairs. Although fairness is elusive and subjective, it is still undeniable that many people would be upset by fully eliminating student debt and it would be a dangerous precedent to set for both schools and borrowers.

The concept of erasing student debt entirely is usually talked about the most because it is the most radical and it is better for generating media buzz, but has not seen as much political momentum as the movement to erase \$10,000 worth of student debt. Although erasing \$10,000 of student debt seems like it might be a reasonable compromise, it really would be another costly use of taxpayer money that would fail to please anyone involved. Generally speaking, the same issues that apply to forgiving all students loans apply to forgiving \$10,000 worth of student loans: unfairness for those who were financially more responsible (or people who didn't borrow), large price tag (\$375 billion), and it would be mostly benefiting people who do not need help (Looney). However, there is another issue with the plan to eliminate \$10,000 worth of debt, which is related to the idea that it is too small of an amount to actually help those who are the most negatively affected by student loans. Consider the following quote from a teacher that has incurred student debt, "I'm absolutely crushed at the thought of only \$10,000 being forgiven...I have about \$50,000 left to pay off...Cancel it all or do nothing (Nova). Granted, that quote is from one individual, but this sentiment is generally shared by individuals that have a higher than average amount of student loans, which is the group that needs the most help. Although some help is better than nothing, if those receiving the help are not pleased with it, maybe eliminating \$10,000 worth of student debt for all borrowers would not be the best use of \$375 million. In

conclusion, erasing \$10,000 worth of debt for each borrower would please only those borrowers who do need that much help, those who really need the assistance would likely welcome the limited relief, but it would still leave them with a great deal of hardship.

At this point the issue of student loan forgiveness has been outlined and two solutions (eliminating debt entirely and eliminating \$10,000 worth of debt) have been discussed, the following paragraph will make the case that a more nuanced approach will be required to help deal with student loans. First, pell grants should be increased for students with a large amount of financial need. This ensures government money is going to the people who need it most and also makes it so that lower income individuals would not have to pay off as much upon graduating and the government would be giving less loans out. In addition to pell grants, the government can encourage people to utilize the income driven repayment plan, which allows people to pay off student loans at a rate that is proportional to their amount of income. This would make it more manageable for those who didn't find their ideal employment to pay back their loans, while also ensuring those who are making a quality income are paying off their loans quickly. Finally, increasing access and streamlining public student loan forgiveness would be a great way to help people on lower salaries and incentivize people going into high demand public professions such as teaching. If all three of the aforementioned principles are put into place, the issue of student loan debt can be improved upon. That being said, it does not seem that eliminating the debt in any capacity would be the best use of the money given the cost. Although low income borrowers could have some of their debt forgiven to account for the increase in pell grant funding that did not occur when they were borrowing. This would be another boost for those borrowing. In summation, student loan forgiveness may seem like a viable solution at face value, but it fails to help those who need help. A better way to tackle student loan debt is to use a nuanced approach

that helps those who need it, while holding those who have benefited from the system accountable for paying it back. However, all of the potential solutions discussed in this essay will be temporary solutions because none of them address the rapid increase in the cost of attendance for college. Until borrowers, the government, or both, demand more efficiency from education, administrators in the university system will continue being subsidized by misinformed students.

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